

Message Text

UNCLASSIFIED

PAGE 01 ROME 07113 031139Z
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03
H-02 PA-02 PRS-01 CIAE-00 COME-00 FRB-01 INR-07
NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /101 W
-----031202Z 108002 /53

R 031052Z MAY 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 4330
TREASURY DEPARTMENT WASHDC
INFO USMISSION EC BRUSSELS
USMISSION OECD PARIS
AMCONSUL FLORENCE
AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL NAPLES
AMCONSUL PALERMO
AMCONSUL TURIN
AMCONSUL TRIESTE

UNCLAS ROME 7113

E.O. 11652 N/A
TAGS: EFIN, IT
SUBJ: GOVERNMENT AND PARLIAMENT TIDY UP SOME DETAILS OF
STABILIZATION PROGRAM

1. /SUMMARY/. OVER THE PAST SEVERAL WEEKS, THE GOVERNMENT HAS TIED UP SOME LOOSE ENDS AND ADDED A NEW TWIST OR TWO TO THE STABILIZATION PROGRAM. COUNCIL OF MINISTERS APPROVED A DRAFT LAW AT MEETING OF APRIL 15 WHICH WOULD EXTEND "FISCALIZATION" BENEFITS BEYOND MANUFACTURING SECTOR TO PUBLIC SERVICES (E.G. BARS, RESTAURANTS, HOTELS) AND COMMERCIAL ENTERPRISES WHICH DEAL PRIMARILY IN THE EXPORT SECTOR. THE YOUTH EMPLOYMENT BILL WHICH HAS BEEN LANGUISHING IN PARLIAMENT SINCE ITS INTRODUCTION BY THE GOVERNMENT IN NOVEMBER 1976 WAS RESURRECTED AND UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ROME 07113 031139Z

VOTED BY THE SANTE AFTER A BROADSIDE DELIVERED BY THE UNIONS DURING THEIR NEGOTIATIONS WITH THE GOVERNMENT ON LABOR COSTS. AND FINALLY, A DECISION HAS BEEN TAKEN ON ISSUANCE PROCEDURES AND INTEREST RATES FOR TREASURY BONDS TO BE ISSUED AS FORCED SAVINGS FROM PARTIAL BLOCK OF SCALA MOBILE WHICH WAS APPROVED BY PARLIAMENT ON DECEMBER 9, 1976.
/END SUMMARY/.

2. /FISCALIZATION/. THE COUNCIL OF MINISTERS APPROVED ON APRIL 15 A DRAFT BILL WHICH WOULD PERMIT GOVERNMENT TO ABSORB SOME OF EMPLOYERS' HEALTH INSURANCE COSTS IN THE COMMERCE, AND PUBLIC SERVICES SECTORS. THIS WOULD AFFECT APPROXIMATELY 240,000 WORKERS AND COST THE GOVERNMENT ABOUT 24-25 BILLION LIRE. THERE HAS BEEN SOME LOW-KEY CRITICISM OF THE MEASURE ORIGINATING MOSTLY FROM SECTORS WHICH HAVE NOT BEEN INCLUDED IN FISCALIZATION MEASURES BUT WHO FEEL THEY SHOULD BE INCLUDED, AND FROM SOME WHO CRITICIZE THE FURTHER INCREASE IN GOVERNMENT EXPENDITURE WITHOUT SUPPORTING REVENUE MEASURES. TEXT OF THE MEASURE IS NOT AVAILABLE AS IT HAS APPARENTLY NOT YET BEEN SENT TO PARLIAMENT.

3. /YOUTH EMPLOYMENT/. THE GOVERNMENT WITH GREAT FANFARE IN LATE OCTOBER OF 1976 APPROVED A COMPREHENSIVE DRAFT LAW FOR PROVIDING EMPLOYMENT FOR THE LARGE NUMBER OF YOUNG NEW ENTRANTS IN THE LABOR FIELD WHO HAVE BEEN UNABLE TO FIND SUITABLE EMPLOYMENT. THE PLAN WAS DESIGNED TO ACCOMMODATE APPROXIMATELY 420,000 OF SUCH YOUTHS AND TO COST APPROXIMATELY 400 BILLION LIRE. HOWEVER, THERE HAD BEEN NO ACTION FROM THE PARLIAMENT SINCE ITS RECEIPT OF THE GOVERNMENT'S DRAFT BILL UNTIL CRITICISM FROM THE UNIONS OF FAILURE TO SOLVE THE PROBLEM OF YOUTH UNEMPLOYMENT BUBBLED OVER IN THE RECENT(MARCH) UNION AND GOVERNMENT TALKS ON REDUCTION OF LABOR COSTS. ON APRIL 28, THE SENATE APPROVED A MODIFIED BILL WHICH WILL PROVIDE 1,060 BILLION LIRE OF ASSISTANCE FROM 1977 THROUGH 1980, WITH THE OUTLAYS EXPECTED TO BE MADE IN 1977 OF 90 BILLION LIRE, 380 BILLION LIRE IN 1978, 320 IN 1979 AND 270 IN 1980. EMPLOYMENT SUBSIDIES WILL BE TWICE AS GREAT IN THE SOUTH AS IN THE NORTH, AND THERE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ROME 07113 031139Z

WILL BE SEPARATE ASSISTANCE PROGRAMS FOR THOSE PROFESSIONALLY QUALIFIED AND THOSE LACKING PRODUCTIVE TECHNICAL TRAINING. THE MEASURE STILL MUST PASS THE CHAMBER OF DEPUTIES.

4. /SCALA MOBILE SAVINGS BONDS./ THE GOVERNMENT ISSUED OFFICIAL INSTRUCTIONS ON APRIL 22 FOR CONVERTING THE FORCED SAVINGS RESULTING FROM THE PARTIAL FREEZE OF THE SCALA MOBILE AT THE 6 MILLION LIRE SALARY LEVEL AND TOTAL FREEZE ABOVE THE 8 MILLION LIRE SALARY LEVEL. THE ESSENTIAL ELEMENTS OF THE INSTRUCTION PROVIDE FOR THREE BOND ISSUANCES COVERING THE RESPECTIVE PERIODS FEBRUARY-JUNE 1977, JULY-DECEMBER 1977, AND JANUARY-MAY, 1978. THE BONDS WILL NOT BE NEGOTIABLE FOR FIVE YEARS AND THE FIRST SERIES WILL CARRY A 14 PERCENT INTEREST. INTEREST FOR THE SUBSEQUENT ISSUES WILL BE DETERMINED AT A LATER DATE AND DEPEND UPON MARKET CONDITIONS CURRENT AT THAT TIME. THE FREEZE BECAME EFFECTIVE ON FEBRUARY 1, 1977, AND WILL LAST THROUGH APRIL 1978.

GARDNER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, REPORTS, ECONOMIC PROGRAMS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME07113
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770154-0742
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770599/aaaadhws.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 32d2309b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2654918
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT AND PARLIAMENT TIDY UP SOME DETAILS OF STABILIZATION PROGRAM
TAGS: EFIN, IT
To: STATE TRSY
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/32d2309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009